

## AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Belvidere Township	County Montcalm
Audit Date March 31, 2005	Opinion Date May 4, 2005	Date Accountant Report Submitted to State: August 4, 2005	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

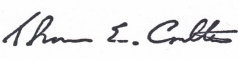
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable boxes for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/ agencies of the local unit are excluded from the financial statements.
- ☐ yes ☒ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ yes ☐ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL: 129/91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

### We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Reports on individual federal financial assistance programs (program audits).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Single Audit Reports (ASLGU).	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Certified Public Accountant (Firm Name) Yeo & Yeo PC, CPA's			
Street Address 7810 North Alger Road	City Alma	State MI	ZIP 48801
Accountant Signature 			

**BELVIDERE TOWNSHIP**

**Montcalm County, Michigan**

**Annual Financial Statements  
and  
Auditors' Report**

**March 31, 2005**

## Table of Contents

<u>Section</u>	<u>Page</u>
<b>1 List of Township Officials</b>	1 – 1
<b>2 Independent Auditors' Report</b>	2 – 1
<b>3 Management's Discussion and Analysis</b>	3 – 1
<b>4 Basic Financial Statements</b>	
Government-wide Financial Statements	
Statement of Net Assets	4 – 1
Statement of Activities	4 – 2
Fund Financial Statements	
Governmental Funds	
Balance Sheet	4 – 3
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	4 – 4
Statement of Revenues, Expenditures and Changes in Fund Balances	4 - 5
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	4 – 6
Fiduciary Funds	
Statement of Fiduciary Assets and Liabilities	4 – 7
Notes to Financial Statements	4 – 8
<b>5 Required Supplemental Information</b>	
Budgetary Comparison Schedule	
General Fund	5 – 1
Road Fund	5 – 2
Refuse Fund	5 – 3

**Belvidere Township**  
**List of Township Officials**  
**March 31, 2005**

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**Township Officials**

Steve Brigham

Supervisor

Sheila Smith

Clerk

Diana Eckert

Treasurer

Darlene Beardslee

Trustee

Gerald Derenski

Trustee

## Independent Auditors' Report

Township Board  
Belvidere Township  
Montcalm County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of Belvidere Township as of and for the year ended March 31, 2005, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and each major fund of Belvidere Township as of March 31, 2005, and the respective changes in financial position, thereof, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 1, the Township has implemented a new reporting model as required by the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments* and Governmental Accounting Standards Board Statement No. 38, *Certain Financial Statement Note Disclosures*, as of July 1, 2003.

The management's discussion and analysis and budgetary comparison information identified in the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

*Yeo & Yeo, P.C.*

May 4, 2005  
Alma, Michigan

**Belvidere Township**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2005**

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Our discussion and analysis of Belvidere Township's financial performance provides an overview of the Township's financial activities for the fiscal year ended March 31, 2005. Please read it in conjunction with the Township's financial statements.

### **Financial Highlights**

As discussed in further detail in this discussion and analysis, the following represents the most significant financial highlights for the year ended March 31, 2005.

Total net assets related to the Township's governmental activities are \$1,323,353. The entire amount is unrestricted.

State shared revenues, our largest revenue source, was reduced by about \$6,300 by the State of Michigan this year. In light of continuing State Budget Problems, and constant threats to take away all revenue sharing, the Township has reacted by invoking tighter controls over all expenditures.

### **Using this Annual Report**

This annual report consists of a series of financial statements. The statement of net assets and the statement of activities provide information about the activities of the Belvidere Township as a whole and present a longer-term of the Township's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year, and whether the taxpayers have funded the full cost of providing governmental services.

The fund financial statements present a short term view; they tell us how the taxpayer's resources were spent during the year, as well as how much is available for future spending. Fund financial statements also report the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant funds. The fiduciary fund statements provide financial information about activities for which the Township acts solely as a trustee or agent for the benefit of those outside of the government.

**Belvidere Township**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2005**

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**Belvidere Township as a Whole**

The following table shows, in a condensed format, the net assets as of March 31, 2005.

Table 1

	<u>Governmental Activities 2005</u>
Current assets	\$ 1,229,185
Capital assets, net	<u>98,225</u>
Total Assets	<u>1,327,410</u>
Current liabilities	<u>4,057</u>
Total net assets	<u><u>\$ 1,323,353</u></u>

Belvidere Township's net assets of governmental activities are \$1,323,353, \$1,225,128 is classified as unrestricted and the remaining \$98,225 is invested in capital assets.

**Belvidere Township**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2005**

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The following table shows, in a condensed format, the statement of activities as of March 31, 2005.

Table 2

	<u>Governmental Activities</u>
<b>Revenue</b>	
Program revenue	
Charges for services	\$ 13,825
General revenue:	
Property taxes	293,791
State-shared revenue	182,822
Unrestricted investment earnings	12,142
Miscellaneous	<u>29,761</u>
Total revenue	<u>532,341</u>
<b>Program expenses</b>	
General government	151,725
Public safety	36,215
Public works	30,681
Highways, streets, bridges, and sidewalks	45,541
Recreation and culture	14,302
Refuse collection	<u>112,373</u>
Total program expenses	<u>390,837</u>
<b>Change in net assets</b>	<u><u>\$ 141,504</u></u>

### **Governmental Activities**

Belvidere Township's total governmental activity revenues were \$532,341. There was a slight decrease in State-shared revenue.

Governmental activity expenditures of \$390,837 were recorded for the year. This included increases in property and liability insurance rates. To offset this, the Township closely monitored its spending in all other areas.



**Belvidere Township**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2005**

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## **Belvidere Township's Funds**

The fund financial statements provide detailed information about the most significant funds, not Belvidere Township as a whole. The Township Board creates funds to help manage money for specific purposes as well as show accountability for certain activities.

a) **General Fund**

Functions relating to the general governmental activities of the Township, which are financed by property tax levies, by distribution of State revenues from fees charged for various municipal activities and services are recorded in the General Fund. This fund had an increase in fund balance of \$105,172 over 2004.

b) **Special Revenue**

Special revenue funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

c) **Fiduciary Fund**

The Fiduciary Fund is custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

## **General Fund Budgetary Highlights**

Over the course of the year, the Township Board monitors and amends the budget to account for unanticipated events during the year. The most significant change was a decrease in State shared revenue. Prudent budgeting and continued monitoring of all expenditures reduced the effect of these State cuts.

## **Capital Assets**

At March 31, 2005, Belvidere Township has \$406,687 invested in a wide range of capital assets, including land, buildings, and machinery and equipment. The total amount of accumulated depreciation as of March 31, 2005 was \$308,462. The net capital asset balance at the end of the fiscal year is \$98,225.

## **Economic Factors and Next Year's Budgets and Rates**

Belvidere Township's budget for next year calls for a minimal increase of 1.023 percent on property tax rates, based on the rate of inflation. However, the Township needs to continue to monitor its budget very closely. State revenue-sharing payments were decreased again this past year with the potential to decrease again due to State cutbacks and less sales tax receipts at the State level. These factors, coupled with recent decreases from historical norms in other revenues, including charges for services and interest on investments, continue to have a concern on the Township's ability to balance its budget.

**Belvidere Township**  
**Management's Discussion and Analysis**  
**Year Ended March 31, 2005**

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Despite these concerns, the Township will continue to operate as efficiently as possible in the next fiscal year.

**Contacting Belvidere Townships Management**

This financial report is intended to provide our citizens, taxpayers, customers, and investors with a general overview of Belvidere Township's finances and to show the Township's accountability for the money it receives. If you have any questions about this report or need additional information, we welcome you to contact the administration offices at the Township hall.

**Belvidere Township**  
**Statement of Net Assets**  
**March 31, 2005**

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	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and cash equivalents	\$ 1,151,561
Receivables	
Accrued interest and other	10,872
Due from other units of government	65,571
Prepaid items	1,181
Capital assets (net)	<u>98,225</u>
 Total assets	 <u>1,327,410</u>
 <b>Liabilities</b>	
Accrued and other liabilities	<u>4,057</u>
 Total liabilities	 <u>4,057</u>
 <b>Net Assets</b>	
Invested in capital assets	98,225
Unrestricted	<u>1,225,128</u>
 Total net assets	 <u><u>\$ 1,323,353</u></u>

See Accompanying Notes to Financial Statements  
4 - 2



**YEO & YEO**

**Belvidere Township**  
**Governmental Funds**  
**Balance Sheet**  
**March 31, 2005**

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	General Fund	Special Revenue Funds Road Fund	Refuse Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 810,185	\$ 84,206	\$ 257,170	\$ 1,151,561
Interest receivable	1,821	-	2,290	4,111
Due from other funds	5,651	6,158	11,859	23,668
Due from other governments	48,247	5,902	11,422	65,571
Prepaid expenses	1,181	-	-	1,181
Total assets	<u>\$ 867,085</u>	<u>\$ 96,266</u>	<u>\$ 282,741</u>	<u>\$ 1,246,092</u>
<b>Liabilities</b>				
Liabilities				
Accrued wages payable	\$ 4,057	\$ -	\$ -	\$ 4,057
Due to other funds	16,907	-	-	16,907
Total liabilities	<u>20,964</u>	<u>-</u>	<u>-</u>	<u>20,964</u>
<b>Fund balance</b>				
Unreserved, reported in				
General fund	846,121	-	-	846,121
Special revenue funds	-	96,266	282,741	379,007
Total fund balance	<u>846,121</u>	<u>96,266</u>	<u>282,741</u>	<u>1,225,128</u>
Total liabilities and fund balance	<u>\$ 867,085</u>	<u>\$ 96,266</u>	<u>\$ 282,741</u>	<u>\$ 1,246,092</u>

**Belvidere Township**  
**Governmental Funds**  
**Reconciliation of Fund Balances of Governmental Funds**  
**to Net Assets of Governmental Activities**  
**March 31, 2005**

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<b>Total fund balances for governmental funds</b>	\$ 1,225,128
Capital assets used in governmental activities are not financial resources are therefore are not reported in the funds.	<u>98,225</u>
<b>Net assets of governmental activities</b>	<u><u>\$ 1,323,353</u></u>

See Accompanying Notes to Financial Statements  
4 - 4

**Belvidere Township**  
**Governmental Funds**  
**Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Year Ended March 31, 2005**

		<u>Special Revenue Funds</u>		Total
	<u>General</u>	<u>Road Fund</u>	<u>Refuse Fund</u>	<u>Governmental Funds</u>
<b>Revenues</b>				
Taxes	\$ 98,585	\$ 66,517	\$ 128,689	\$ 293,791
Licenses and permits	3,865	-	-	3,865
State grants	182,822	-	-	182,822
Charges for services	13,825	-	-	13,825
Interest income	8,073	618	3,451	12,142
Rental income	15,952	-	-	15,952
Other revenue	9,944	-	-	9,944
Total revenues	<u>333,066</u>	<u>67,135</u>	<u>132,140</u>	<u>532,341</u>
<b>Expenditures</b>				
Current				
General government	150,702	-	-	150,702
Public safety	32,515	-	-	32,515
Public works	30,681	-	112,373	143,054
Highways, street, bridges and sidewalks	-	45,541	-	45,541
Recreation and culture	13,996	-	-	13,996
Total expenditures	<u>227,894</u>	<u>45,541</u>	<u>112,373</u>	<u>385,808</u>
Net change in fund balance	105,172	21,594	19,767	146,533
Fund balance - beginning	<u>740,949</u>	<u>74,672</u>	<u>262,974</u>	<u>1,078,595</u>
Fund balance - ending	<u>\$ 846,121</u>	<u>\$ 96,266</u>	<u>\$ 282,741</u>	<u>\$ 1,225,128</u>

See Accompanying Notes to Financial Statements

**Belvidere Township**  
**Governmental Funds**  
**Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of**  
**Governmental Funds to the Statement of Activities**  
**Year Ended March 31, 2005**

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	<u>Primary Government</u>
<b>Net change in fund balances - total governmental funds</b>	\$ 146,533
Total change in net assets reported for governmental activities in the statement of activities is different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation expense	(8,950)
Capital outlay	<u>3,921</u>
<b>Change in net assets of governmental activities</b>	\$ <u><u>141,504</u></u>

See Accompanying Notes to Financial Statements  
4 - 6



**Belvidere Township**  
**Statement of Fiduciary Assets and Liabilities**  
**Tax Collection Fund**  
**March 31, 2005**

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**Assets**

Cash	\$ <u>22,937</u>
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**Liabilities**

Due to other funds	6,761
Due to governmental units	<u>16,176</u>

Total Liabilities	\$ <u>22,937</u>
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**Belvidere Township**  
**Notes to Financial Statements**  
**March 31, 2005**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Township is located in Montcalm County, Michigan. The Township operates under a township board comprised of five (5) members and provides services to its residents in many areas including public safety, highways and streets, culture-recreation, public improvements and general administrative services.

**Reporting Entity**

The accompanying basic financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board (GASB) for determining the various governmental organizations to be included in the reporting entity. The Township is the primary government which has oversight responsibility and control over all activities. The Township receives funding from local and state government sources and must comply with the concomitant requirements of these funding source entities.

As required by accounting principles generally accepted in the United States of America, the financial statements of the reporting entity include those of the Township (the primary government) and does not include any other component within its general purpose financial statements.

**Government-wide and fund financial statements**

The government-wide financial statements (i.e. the Statement of Net Assets and the Statement of Changes in Net Assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, normally supported by taxes and inter-governmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes: (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items properly excluded from program revenue are reported as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported in separate columns in the fund financial statements.

**Belvidere Township**  
**Notes to Financial Statements**  
**March 31, 2005**

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**Measurement focus, basis of accounting, and financial statement presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, restricted resources are applied first.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to claims and judgments are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, special assessments, licenses, interest revenue, and charges for services. Sales taxes collected and held by the State at year end on behalf of the government also are recognized as revenue. Fines and permits are not susceptible to accrual because generally they are not measurable until received in cash.

The Township reports the following major governmental funds:

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Road Fund accounts for the revenue and expenditures with the government's road operations.
- The Refuse Fund accounts for the revenue and expenditures with the government's refuse collection operation.

Additionally, the Township reports the following:

Agency Funds – The Agency Funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

**Belvidere Township**  
**Notes to Financial Statements**  
**March 31, 2005**

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Amounts reported as program revenue include: (1) charges to customers or applicants for goods, services, or privileges provided (2) operating grants and contributions; and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenue rather than as program revenue. Likewise, general revenue includes all taxes.

**Property tax revenue**

The property tax levy runs from January 1 to December 31. Property taxes become a lien on the last day of the levy year and are due on or before February 14 with the final collection date of February 28. Real property taxes uncollected as of February 28 are purchased by the County of Montcalm and remitted to the Township. Collection of delinquent personal property taxes remain the responsibility of the Township Treasurer.

Property taxes are recognized in the accounting period when they become measurable and available to finance operations. Available means when due, or past due and receivable within the current period and collected no longer than 60 days after the close of the current period. Property taxes not deemed collectible within this period are recorded as deferred revenue.

The assessed Taxable Value for the Township for the 2004 tax levy is as follows:

Real and Personal Property	\$ 75,052,535
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The Township levied millage for taxes as follows:

General Operating	.8581 Mills
Roads	.8872 Mills
Refuse	.4290 Mills
Refuse	1.2873 Mills

**Assets, liabilities and net assets or equity**

*Cash and cash equivalents* – The Township has defined cash and cash equivalents to include cash on hand, demand deposits, and short-term investments with a maturity of 3 months or less when acquired.

*Receivables and payables* – In general, outstanding balances between funds are reported as “due to/from other funds.” Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “advances to/from other funds.” Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances.”

All trade and property tax receivables are shown as net of allowance for uncollectible amounts.

*Prepaid items* – Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

*Capital assets* – Capital assets, which include property, plant, and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**Belvidere Township**  
**Notes to Financial Statements**  
**March 31, 2005**

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Property, plant and equipment is depreciated using the straight-line method over the following useful lives.

Land improvements	10 to 20 years
Building and building improvements	25 to 40 years
Vehicles	5 to 10 years
Machinery and equipment	5 to 10 years

*Fund equity* - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Economic Dependency**

The Township received approximately 55% of their General Fund revenue from the State of Michigan. Due to the significance of this revenue source, the Township is considered to be economically dependent on the State of Michigan.

**Comparative data**

Comparative data is not included in the Township's financial statements.

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary information**

The Township is subject to the budgetary control requirements of the Uniform Budgeting Act (P.A. 621 of 1978, as amended). Annual budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America for the General Fund and all Special Revenue Funds. All annual appropriations lapse at fiscal year end.

Prior to March 1, the Township Supervisor submits to the Township board a proposed operating budget for the fiscal year commencing the following April 1. Public hearings are obtained to obtain taxpayer comments and the budget is legally enacted through passage of an ordinance prior to April 1.

The budget document presents information by fund, activity, department, and line items. The legal level of budgetary control adopted by the governing body is the activity level. The Township Clerk is authorized to transfer budgeted amounts between line items within an activity; however, any revisions that alter the total expenditures of an activity must be approved by the Township Board.

**Belvidere Township**  
**Notes to Financial Statements**  
**March 31, 2005**

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**Excess of expenditures over appropriations**

Michigan Public Act 621 of 1978, Section 18(1), as amended, provides that a local government unit shall not incur expenditures in excess of the amount appropriated. During the year ended March 31, 2005, the Township incurred expenditures in the General Fund in excess of the amount appropriated as follows:

<u>FUND</u>	<u>Total Appropriation</u>	<u>Amount Expended</u>	<u>Unfavorable Variance</u>
General Fund			
Township board	40,000	40,771	771
General government	106,500	109,931	3,431
Refuse Fund			
Miscellaneous	-	-	261

**NOTE 3 - CASH AND INVESTMENTS**

Michigan Compiled Laws, Section 129.91 authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The local unit is allowed to invest in bonds, securities and other obligations of the United States, or any agency or instrumentality of the United States. United States government or federal agency obligations; repurchase agreements; bankers acceptance of United States Banks; commercial paper rated within the two highest classifications which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or any of its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The investment policy adopted by the Board authorized all of the investments allowable under Michigan law.

Belvidere Township's deposits and investment policy are in accordance with statutory authority.

The carrying amount of the Township's deposits with financial institutions was \$ 1,174,498. This amount is classified as cash and cash equivalents. At year end, bank deposits amounted to \$ 1,179,447. Of that amount, \$ 352,580 was covered by federal depository insurance and \$ 826,867 was uninsured and uncollateralized.

The above investments complied with the State of Michigan Public Act 196 of 1997.

At year end, fair value of cash and investments is not materially different from the reported amounts.

**NOTE 4 – RECEIVABLES**

Receivables as due within one year.

**Belvidere Township**  
**Notes to Financial Statements**  
**March 31, 2005**

**NOTE 5 – CAPITAL ASSETS**

	Beginning Balances	Increases	Decreases	Ending Balance
<b>Governmental activities</b>				
Capital assets not being depreciated				
Land	\$ 47,300	\$ -	\$ -	\$ 47,300
Capital assets being depreciated				
Buildings, additions and improvements	82,500	3,921	-	86,421
Machinery and equipment	272,966	-	-	272,966
Total capital assets being depreciated	355,466	3,921	-	359,387
Less accumulated depreciation for				
Buildings, additions and improvements	59,615	820	-	60,435
Machinery and equipment	239,897	8,130	-	248,027
Total accumulated depreciation	299,512	8,950	-	308,462
Net capital assets being depreciated	55,954	(5,029)	-	50,925
Governmental activities capital assets, net	<u>\$ 103,254</u>	<u>\$ (5,029)</u>	<u>\$ -</u>	<u>\$ 98,225</u>

**NOTE 6 – INTERFUND RECEIVABLES AND PAYABLES**

The composition of interfund balances is as follows:

**Due to/from other funds**

Receivable Fund	Payable Fund	Amount	Purpose
Road Fund	General Fund	\$ 5,761	Taxes collected by the general fund that are due to the Road Fund.
Refuse Fund	General Fund	11,146	Taxes collected by the general fund that are due to the Refuse Fund.
General Fund	Tax Fund	5,651	Taxes collected by the tax fund that are due to the General Fund.
Road Fund	Tax Fund	397	Taxes collected by the tax fund that are due to the Road Fund.
Refuse Fund	Tax Fund	713	Taxes collected by the tax fund that are due to the Refuse Fund.
		<u>\$ 23,668</u>	

**Belvidere Township**  
**Notes to Financial Statements**  
**March 31, 2005**

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**NOTE 7 - RISK MANAGEMENT**

The Township is exposed to various risks of loss related to property loss, torts, errors, and omissions and employee injuries (workers compensation), as well as medical benefits provided to employees. The Township has purchased commercial insurance for all its insurance needs. Settled claims for commercial insurance have not materially exceeded the amount of insurance coverage in any of the past three fiscal years.

**NOTE 8 – ACCOUNTING AND REPORTING CHANGE**

**GASB 34**

In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – For State and Local Governments*. Belvidere Township has applied the provisions of this statement and related GASB statements in the accompanying financial statements (including the notes to financial statements). The Township has elected to implement the general provisions of the statement. Certain significant changes in the statement include the following:

- A management's discussion and analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the Township's activities.
- A change in the fund financial statements to focus on the major funds.
- Capital assets at April 1, 2004 previously reported in the General Fixed Assets Account Group have been adjusted by approximately \$502,354 to \$103,254 to reflect the historical cost and accumulated depreciation of the Township's capital assets at that date.



**Belvidere Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**General Fund**  
**Year Ended March 31, 2005**

	Budgeted Amounts			Actual Over (Under) Final Budget
	Original	Final	Actual	
Revenues				
Taxes	\$ 65,300	\$ 65,300	\$ 69,986	4,686
Administration fees	25,000	25,000	28,599	3,599
Licenses and permits	2,500	2,500	3,865	1,365
State revenue sharing	187,000	187,000	182,822	(4,178)
Charges for services	11,500	11,500	13,825	2,325
Rentals	12,500	12,500	15,952	3,452
Interest	9,000	9,000	8,073	(927)
Other	3,000	3,000	9,944	6,944
Total revenues	<u>315,800</u>	<u>315,800</u>	<u>333,066</u>	<u>17,266</u>
Expenditures				
Legislative				
Township board	40,000	40,000	40,771	771
General government				
Supervisor	7,000	7,000	7,837	837
Elections	10,000	10,000	6,992	(3,008)
Assessor	24,000	24,000	25,097	1,097
Clerk	15,000	15,000	15,075	75
Community building	7,000	7,000	7,176	176
Board of Review	2,500	2,500	752	(1,748)
Treasurer	18,000	18,000	22,459	4,459
Cemetery	23,000	23,000	24,543	1,543
Total legislative and general government	<u>146,500</u>	<u>146,500</u>	<u>150,702</u>	<u>4,202</u>
Public safety				
Fire	40,000	40,000	17,605	(22,395)
Zoning	15,000	15,000	14,910	(90)
Total public safety	<u>55,000</u>	<u>55,000</u>	<u>32,515</u>	<u>(22,485)</u>
Public works				
Street lighting	50,000	50,000	3,213	(46,787)
Contract service	-	-	26,828	26,828
Miscellaneous	-	-	640	640
Total public works	<u>50,000</u>	<u>50,000</u>	<u>30,681</u>	<u>(19,319)</u>
Recreation and cultural				
Recreation parks	18,000	18,000	13,996	(4,004)
Total expenditures	<u>269,500</u>	<u>269,500</u>	<u>227,894</u>	<u>(41,606)</u>
Excess of revenues over expenditures	46,300	46,300	105,172	58,872
Fund balance, beginning of year	<u>740,949</u>	<u>740,949</u>	<u>740,949</u>	<u>-</u>
Fund balance, end of year	<u>\$ 787,249</u>	<u>\$ 787,249</u>	<u>\$ 846,121</u>	<u>\$ 58,872</u>

**Belvidere Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Road Fund**  
**Year Ended March 31, 2005**

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	<u>Budgeted Amounts</u>			<u>Actual Over (Under) Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues				
Property taxes - current	\$ 62,500	\$ 62,500	\$ 66,517	\$ 4,017
Interest	<u>-</u>	<u>-</u>	<u>618</u>	<u>618</u>
Total revenues	<u>62,500</u>	<u>62,500</u>	<u>67,135</u>	<u>4,635</u>
Expenditures				
Highways, streets and bridges				
Contracted services	<u>62,500</u>	<u>62,500</u>	<u>45,541</u>	<u>(16,959)</u>
Excess of revenues over expenditures	-	-	21,594	21,594
Fund balance, beginning of year	<u>74,672</u>	<u>74,672</u>	<u>74,672</u>	<u>-</u>
Fund balance, end of year	<u>\$ 74,672</u>	<u>\$ 74,672</u>	<u>\$ 96,266</u>	<u>\$ 21,594</u>

**Belvidere Township**  
**Required Supplemental Information**  
**Budgetary Comparison Schedule**  
**Refuse Collection Fund**  
**Year Ended March 31, 2005**

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	Budgeted Amounts			Actual Over (Under)
	Original	Final	Actual	Final Budget
Revenues				
Property taxes	\$ 113,000	\$ 113,000	\$ 128,689	\$ 15,689
Interest	-	-	3,451	3,451
Total revenues	<u>113,000</u>	<u>113,000</u>	<u>132,140</u>	<u>19,140</u>
Expenditures				
Refuse collection and disposal				
Contracted services	113,000	113,000	112,112	(888)
Miscellaneous	-	-	261	261
Total expenditures	<u>113,000</u>	<u>113,000</u>	<u>112,373</u>	<u>(627)</u>
Excess of revenues over expenditures	-	-	19,767	19,767
Fund balance, beginning of year	<u>262,974</u>	<u>262,974</u>	<u>262,974</u>	<u>-</u>
Fund balance, end of year	<u>\$ 262,974</u>	<u>\$ 262,974</u>	<u>\$ 282,741</u>	<u>\$ 19,767</u>